

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE:	)	
	)	Bankruptcy No: 09-27920-MBM
DAMON'S INTERNATIONAL, INC.,	)	Chapter 11
	)	
Debtor	)	Doc. # _____

**FINANCIAL REPORT FOR PERIOD 8 – ENDING JANUARY 29, 2010**

Respectfully submitted,

BLUMLING & GUSKY, LLP

/s/ **Michael Kaminski**  
Michael Kaminski, Esquire  
PA. I.D. #53493  
1200 Koppers Building  
Pittsburgh, PA 15219  
(412) 277-2500

Counsel for Debtor

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF PENNSYLVANIA

Damon's International, Inc.

Case No. 09-27920 MBM PERIOD 8  
Reporting Period: JANUARY 29, 2010

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)		
Copies of bank statements			
Cash disbursements journals			
Statement of Operations	MOR-2		
Balance Sheet	MOR-3		
Status of Postpetition Taxes	MOR-4		
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4		
Listing of aged accounts payable			
Accounts Receivable Reconciliation and Aging	MOR-5		
Debtor Questionnaire	MOR-5		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

*Jay L. Bennett Jr.*  
Signature of Debtor

2/9/2010  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Individual\*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Authorized Individual

\_\_\_\_\_  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

Reporting Period: JAN 29, 2010

## SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CONT)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	0	0	0	0	0	0	0	0
RECEIPTS								
CASH SALES								
ACCOUNTS RECEIVABLE								
LOANS AND ADVANCES								
SALE OF ASSETS								
OTHER (ATTACH LIST)								
TRANSFERS (FROM DIP ACCTS)								
TOTAL RECEIPTS								
DISBURSEMENTS								
NET PAYROLL								
PAYROLL TAXES								
SALES, USE, & OTHER TAXES								
INVENTORY PURCHASES								
SECURED/ RENTAL/ LEASES								
INSURANCE								
ADMINISTRATIVE								
SELLING								
OTHER (ATTACH LIST)								
OWNER DRAW *								
TRANSFERS (TO DIP ACCTS)								
PROFESSIONAL FEES								
U.S. TRUSTEE QUARTERLY FEES								
COURT COSTS								
TOTAL DISBURSEMENTS								
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)								
CASH - END OF MONTH	0	0	0	0	0	0	0	0

COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	\$
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	\$
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	\$

Debtor

Reporting Period:           

JAN 29, 2010

## Continuation Sheet for MOR-1

[illegible]

OTHER

**STATEMENT OF OPERATIONS**  
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	\$ 0	\$ 0
Less: Returns and Allowances		
Net Revenue	\$	\$
<b>COST OF GOODS SOLD</b>		
Beginning Inventory		
Add: Purchases		
Add: Cost of Labor		
Add: Other Costs (attach schedule)		
Less: Ending Inventory		
Cost of Goods Sold		
Gross Profit		
<b>OPERATING EXPENSES</b>		
Advertising		
Auto and Truck Expense		
Bad Debts		
Contributions		
Employee Benefits Programs		
Insider Compensation*		
Insurance		
Management Fees/Bonuses		
Office Expense		
Pension & Profit-Sharing Plans		
Repairs and Maintenance		
Rent and Lease Expense		
Salaries/Commissions/Fees		
Supplies		
Taxes - Payroll		
Taxes - Real Estate		
Taxes - Other		
Travel and Entertainment		
Utilities		
Other (attach schedule)		
Total Operating Expenses Before Depreciation		
Depreciation/Depletion/Amortization		
Net Profit (Loss) Before Other Income & Expenses		
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)		
Interest Expense		
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items		
<b>REORGANIZATION ITEMS</b>		
Professional Fees		
U. S. Trustee Quarterly Fees		
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		
Gain (Loss) from Sale of Equipment		
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses		
Income Taxes		
Net Profit (Loss)	\$ 0	\$ 0

\*"Insider" is defined in 11 U.S.C. Section 101(31).

Damon's International, Inc.  
Debtor

Case No. 09-27920 MBM  
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STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY		Month	Cumulative Filing to Date
Other Costs		0	0
Other Operational Expenses		0	0
Other Income		0	0
Other Expenses		0	0
Other Reorganization Expenses		0	0

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:  
Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the  
bankruptcy proceeding, should be reported as a reorganization item.

FORM MOR-2 (CONT)  
(9/99)

Debtor

Case No. 09-27920 MBM

Reporting Period: JAN 29, 2010

**BALANCE SHEET**

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents		
Restricted Cash and Cash Equivalents ( <i>see continuation sheet</i> )		
Accounts Receivable (Net)		
Notes Receivable		
Inventories		
Prepaid Expenses		
Professional Retainers		
Other Current Assets ( <i>attach schedule</i> )		
<b>TOTAL CURRENT ASSETS</b>	\$ 0	\$ 0
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements		
Machinery and Equipment		
Furniture, Fixtures and Office Equipment		
Leasehold Improvements		
Vehicles		
Less Accumulated Depreciation		
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	\$ 0	\$ 0
<b>OTHER ASSETS</b>		
Loans to Insiders*		
Other Assets ( <i>attach schedule</i> )		
<b>TOTAL OTHER ASSETS</b>	\$ 0	\$ 0
<b>TOTAL ASSETS</b>	\$ 0	\$ 0
<b>LIABILITIES AND OWNER EQUITY</b>		
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable		
Taxes Payable ( <i>refer to FORM MOR-4</i> )		
Wages Payable		
Notes Payable		
Rent / Leases - Building/Equipment		
Secured Debt / Adequate Protection Payments		
Professional Fees		
Amounts Due to Insiders*		
Other Postpetition Liabilities ( <i>attach schedule</i> )		
<b>TOTAL POSTPETITION LIABILITIES</b>	\$ 0	\$ 0
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt		
Priority Debt		
Insecured Debt		
<b>TOTAL PRE-PETITION LIABILITIES</b>	\$ 0	\$ 0
<b>TOTAL LIABILITIES</b>	\$ 0	\$ 0
<b>OWNER EQUITY</b>		
Capital Stock		
Additional Paid-In Capital		
Partners' Capital Account		
Owner's Equity Account		
Retained Earnings - Pre-Petition		
Retained Earnings - Postpetition		
Adjustments to Owner Equity ( <i>attach schedule</i> )		
Postpetition Contributions (Distributions) (Draws) ( <i>attach schedule</i> )		
<b>TOTAL OWNER EQUITY</b>	\$ 0	\$ 0
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	\$ 0	\$ 0

Insider\* is defined in 11 U.S.C. Section 101(31).

FORM MOR-3

(9/99)

Debtor

Case No. 09-27920 MBM

Reporting Period: JAN 29, 2010

## BALANCE SHEET - continuation sheet

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets	0	0
Other Assets	0	0
<b>LIABILITIES AND OWNER EQUITY</b>	<b>BOOK VALUE AT END OF CURRENT REPORTING MONTH</b>	<b>BOOK VALUE ON PETITION DATE</b>
Other Postpetition Liabilities	0	0
Adjustments to Owner Equity	0	0
Postpetition Contributions (Distributions) (Draws)	0	0

Restricted Cash: cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.



Debtor

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## STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.  
 Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.  
 Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal	0	0	0			0
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
Total Federal Taxes						
State and Local						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
Total State and Local						
Total Taxes	0	0	0			0

## SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable						0
Wages Payable						0
Taxes Payable						0
Rent/Leases-Building						0
Rent/Leases-Equipment						0
Secured Debt/Adequate Protection Payments						0
Professional Fees						0
Amounts Due to Insiders*						0
Other:						0
Other:						0
Total Postpetition Debts						0

Explain how and when the Debtor intends to pay any past-due postpetition debts.

\*Insider" is defined in 11 U.S.C. Section 101(31).

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at the beginning of the reporting period	0
+ Amounts billed during the period	
- Amounts collected during the period	
Total Accounts Receivable at the end of the reporting period	0

Accounts Receivable Aging	Amount
0 - 30 days old	
31 - 60 days old	
61 - 90 days old	
91+ days old	
Total Accounts Receivable	0
Amount considered uncollectible (Bad Debt)	
Accounts Receivable (Net)	0

Must be completed each month		Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.			✓
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.			✓
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.		✓	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.		✓	

**CERTIFICATE OF SERVICE**

I, Kristine E. Tosadori, Paralegal, hereby certify that a true and correct copy of the foregoing FINANCIAL REPORT FOR PERIOD 8 – ENDING JANUARY 29, 2010 was served this 12<sup>th</sup> day of February, 2010, by U.S. first class mail, postage prepaid, upon the following:

Office of the U.S. Trustee  
Suite 970 Liberty Center  
1001 Liberty Avenue  
Pittsburgh, PA 15222

/s/ **Kristine E. Tosadori**  
Kristine E. Tosadori, Paralegal